

Adjournment Debate

see that imports are ten times as numerous as orders placed with Canadian firms. In 1984, new orders in Canada totalled six ships, together representing 29,200 gross tonnes, while ships built abroad totalled 235,975 tonnes or 18 ships. During the first half of 1985, commercial orders placed with Canadian shipyards totalled three ships, together representing a capacity of 3,138 tonnes.

Mr. Speaker, if we compare the assistance offered by the Canadian Government to our shipyards with that received by our competitors abroad, we see that nearly half the foreign countries offer direct aid of as much as 50 per cent of the price of the ship, while in some cases, very generous use is made of indirect subsidies. In addition, our Canadian industry also has to cope with protectionist measures. A study published this fall, under the title "Shipyards in Quebec and Canada—Situation and Prospects", shows how Norway was able to make the exploration of offshore resources benefit its shipyards, by demanding that test drill rigs, for instance, be built in that country. The demand for ships is picking up in Canada, but this demand is almost entirely met by imports. Direct grants available in foreign countries and preferential financing arrangements make it possible to buy ships at prices which are often below Canadian costs.

I have already indicated to the House how important it is for our Government to be able to propose a strategy to all shipbuilding interests. Our shipyards could achieve a better performance than other undertakings in various production sectors. The federal Government and the provinces have given generous support to foreign car manufacturers to encourage them to build Canadian plants which are not likely to create more than a few thousand jobs, whereas shipyards and related industries now employ 20,000 workers and could create more jobs.

It is therefore important for the Government to promote through judicious policies a resurgence of Canadian commercial demand for our shipbuilding industry, and it is also important for the Government to develop a ship and drilling platform import policy because there is a need in Canada for all kinds of ships and offshore oil development equipment. All we have to do is to ensure that this demand will be met by the Canadian industry, and not by foreign shipyards.

Mr. Speaker, if we have been able to correct and improve the international competitiveness of other sectors of our economy, we can do the same for our shipyards. The Hon. Minister of Regional Industrial Expansion (Mr. Stevens) has already shown his commitment to the future of our shipyards.

● (1850)

Indeed, Mr. Speaker, on March 23, 1985, the Minister reminded the House about the \$15 million support granted to the Versatile company so that it might purchase the Davie shipyard in Lauzon. By providing such support, the Minister

showed the interest of the Canadian Government in the future of this key industry.

We are about to enter the second phase, Mr. Speaker. There will be other achievements. These decisions will ensure the stability of this sector of our economy and the profitability of our shipbuilding industry.

I hope, Mr. Speaker, that the Hon. Minister will soon announce his shipbuilding development policy to the Canadian public.

Mrs. Monique B. Tardif (Parliamentary Secretary to Minister of Regional Industrial Expansion): Mr. Speaker, my colleague has spoken about an important problem which is of serious concern to us. The Minister of Regional Economic Expansion is well aware of the problems of the Canadian shipbuilding industry, and this is why he has had numerous discussions with representatives of shipbuilding companies and of the unions.

Mr. Speaker, my colleague for Lévis is very concerned about this issue, but there is no easy answer. The Government has already contributed to the survival of this industry as its own orders account for the great majority of the contracts of the industry at this time. The Government has also shown flexibility in its contractual relations with shipbuilding companies. For instance, the Government accepted to renegotiate its contracts with Halifax Industries Limited so that this company would be able to complete ships it was building for the Coastguard in spite of financial difficulties. The Government also accepted to make the acquisition of Davie Shipbuilding by DOME easier under the tribal class ship retrofitting program and allowed Pictou industries to take over the Government work contracted to Ferguson industries.

The Minister and the Government will continue to support the shipyards through public contracts. The Polar VIII ice-breaker program is now under consideration and the patrol frigate program is under way. Together, these programs represent 10,000 person-years of employment. In addition, the Government supports the industry by granting ships a tariff protection of 25 per cent and drilling platforms a protection of 20 per cent, which is the highest level of protection in the world.

However, commercial contracts are also necessary to ensure the long-term future of the shipbuilding industry. Because of the drop in world demand, coupled with an increase in the building capacity of countries such as Korea, competition on all world markets is fierce. The OECD has noted a 50 per cent decrease in the cost of ships between 1980 and 1984 and a general decrease in world capacity since 1976. This decrease is especially apparent among Western European shipbuilders, whose business has fallen by as much as 66 per cent. In spite of these decreases, a surplus capacity of over 20 per cent persists and keeps costs low. In view of this, we must see to it that Canadian shipyards operate at a very high level of efficiency